GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:4875
ANSWERED ON:24.08.2001
SCRUTINY OF PSUS BY CAG
CHANDRA BHUSHAN SINGH;VSM (RETD.) COL. CHOUDHARY

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the Government have empowered the CAG to scrutinise all privatisation deals to find out the irregularities committed in the deal;

(b) if so, the details thereof;

(c) the cases of privatisation referred to CAG for scrutinisation;

(d) whether CAG has criticised the Government for the way the valuation of several PSUs as reported in Times of India dated July 23, 2001;

(e) if so, the details thereof; and

(f) the reaction of the Government thereto?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE DEPARTMENT OF DISINVESTMENT, MINISTER OF STATE MINISTRIES OF PLANNING, STATISTICS & PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE DEPARTMENT OF ADMINISTRATIVE REFORMS AND PUBLIC GRIEVANCE (SHRI ARUN SHOURIE)

(a) & (b) The Department of Disinvestment has requested Comptroller & Auditor General of India to analyse and scrutinise every single disinvestment in Public Sector Undertaking and send the report to the Parliament.

(c) The records/files related to disinvestment in Modern Food Industries (India) Ltd. and Bharat Aluminium Co. (BALCO) have beer referred to CAG for audit purposes.

(d) & (e) Issues raised in the news item are not new and are already within the knowledge of the Government. On 2nd March 2001, the Government received the preliminary audit observations regarding disinvestment of Government equity in Modern Food Industries (India) Ltd. (MFIL).These were replied in detail by the Department of Disinvestment on 15th March 2001.After considering the reply, CAG has sent the Inspection Report on 6th July 2001. After the Inspection Report of CAG has been replied to, the CAG will prepare its final report, which is to be laid before the Parliament in accordance with the prescribed procedure.

(f) Based upon the disinvestment experience of MFIL and BALCO, the Government has put in place a transparent procedure including standardization of nationally and internationally accepted valuation methodologies.